LEO BURNETT MEDIA

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# 1998 Budget

Source: https://www.industrydocuments.ucsf.edu/docs/mlfy0004

## 1998 Budget

Basic's 1998 Media budget is $26.5MM

- Down - 5% versus original 1997 budget of $28.0MM

Anticipate rate increases in both print and OOH

- Print: +2% - +4% vs. 1997
- OOH: Estimate +4% vs. 1997
  - Early negotiations indicate that increases may be higher

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## 1998 Budget - OOH Market Flexibility

As always, Leo Burnett's goal is to provide Basic with maximum OOH coverage for their investment

Recommend some flexibility in markets to be purchased pending outcome of 1998 OOH negotiations

- Especially in lower priority markets
- Anticipate instances of unreasonable rate/commitment demands given current tobacco environment

Provides greater negotiating leverage for Philip Morris

- Basic receives greatest value for dollar
- Maximizes percent of desired U.S. covered within fixed budget

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## 1998 Budget - OOH Market Flexibility

For example, Birmingham vendor with a monopoly in the market is currently demanding rate increase in excess of 10% for 30-sheet posters

- If unsuccessful at reaching a more reasonable agreement, recommend reinvesting these funds either:
  - In surrounding markets within trading area with competitive vendor(s)
  - In a higher priority market

Need to know where brand stands on this issue

- Which markets on list are "must haves" and which are "would like to haves"
  - Assume less developed markets are lower priority
- Critical for successful 1998 OOH negotiation
  - Keep increases close to +4% projection

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**Recommended Option - "Maximize Spending Strategy"**

Eliminate Tier IIB markets

- Re-invest dollars in Tier IA and Tier IIA to obtain #100 showing
  - "Markets with Potential"
  - Employ Offensive Strategy

Maintain Print spending level similar to 1997

- Sustain average monthly R/F at 65R/2.7F

Recommended Option - "Maximize Spending Strategy"

| Tier | # Markets | # Months | Showing | Total Cost ($M) | |
|---|---|---|---|---|---|
| IA | 9 | 9 | #100 | $5,826 | |
| IB | 10 | 9 | # 75 | $4,268 | |
| IIA | 13 | 9 | #100 | $5,757 | |
| IIB | 8 | 9 | # 0 | ---- | |
| III | 8 | 6 | # 50 | $1,977 | |
| **TOTAL OOH** | | | | **$17,828** | ***67%*** |
| **TOTAL PRINT** | | | | **$ 8,672** | ***33%*** |



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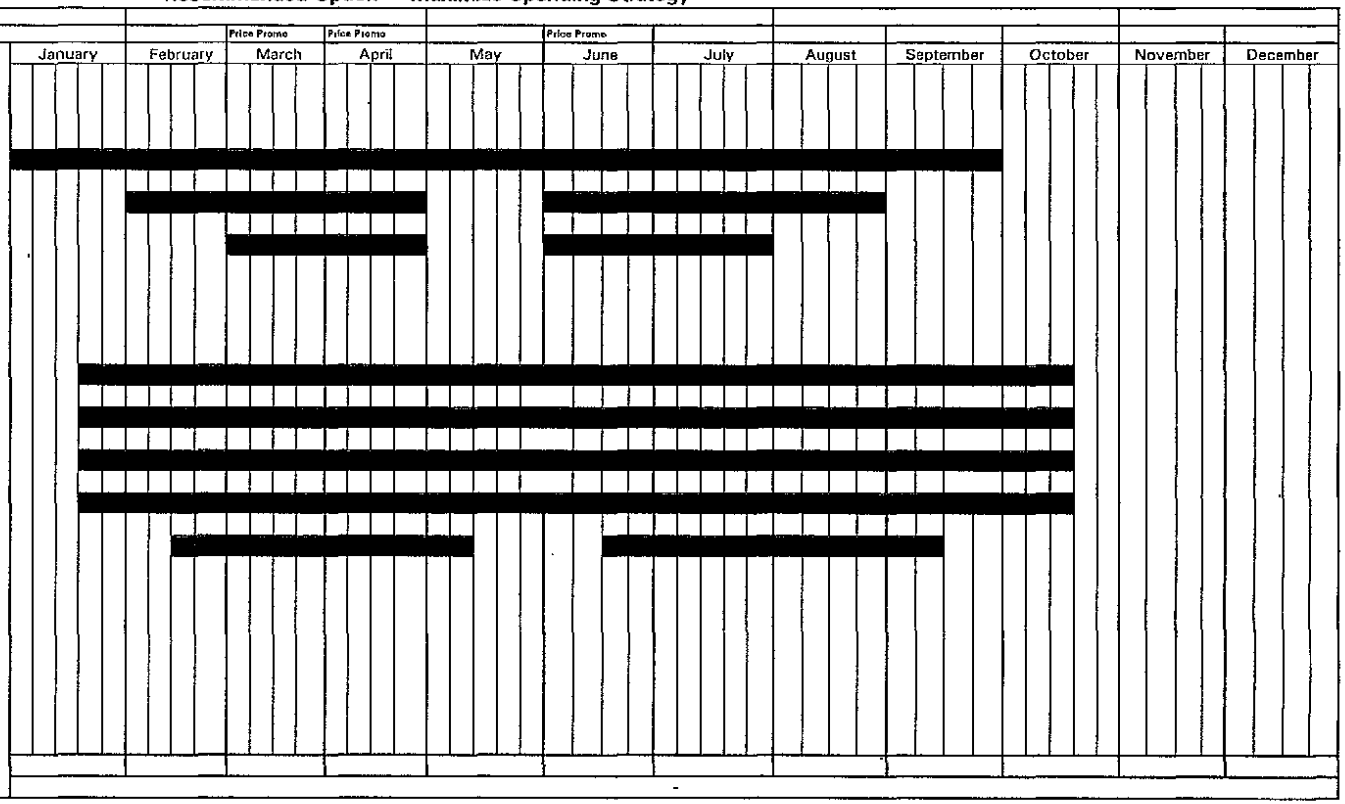
# 1998 BASIC EXECUTIVE SUMMARY

Recommended Option - "Maximize Spending Strategy"

| BY ON-SALE DATE | # Months | PROJ. Cost (MM) | % |
|---|---|---|---|
| **PRINT** | | | |
| General Magazines | 9 | $ 8.5 | 32% |
| Military | 6 | $ 0.2 | 1% |
| Trucking * | 4 | $ 0.0 | 0% |
| **TOTAL PRINT** | | $ 8.7 | 33% |
| **OOH** | | | |
| Tier IA - 9 Markets | 9 | $ 5.8 | 22% |
| Tier IIB - 10 Markets | 9 | $ 4.3 | 16% |
| Tier IIA - 13 Markets | 9 | $ 5.7 | 21% |
| Tier IIB - 8 Markets | 9 | $ - | 0% |
| Tier III - 8 Markets | 6 | $ 2.0 | 8% |
| Extra Posting/Reserve | | - | 0% |
| **TOTAL OUTDOOR** | | $ 17.8 | 67% |
| **TOTAL BUDGET** | | $ 26.5 | 100% |
| **MONTHLY EXPENDITURES ($M)** | | | |
| **CUMULATIVE EXPENDITURES ($M)** | | | |




* Trucking reflects $0MM, however, 1998 cost is approximately $34M

| AVERAGE MONTHLY R/F GOAL | R/F | R/F | R/F | R/F | R/F | R/F | R/F | R/F | R/F | R/F | R/F | R/F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Reach % Print | | | | | | | | | | | | |
| AS25-49 | 65/2.7 | 65/2.7 | 70/3.1 | 70/3.1 | 65/2.7 | 70/3.1 | 65/2.7 | 65/2.7 | 65/2.7 | | | |
| AS21-34 | 69/3.0 | 69/3.0 | 73/3.3 | 73/3.3 | 69/3.0 | 73/3.0 | 69/3.0 | 69/3.0 | 69/3.0 | | | |
| Showing Level OOH | | | | | | | | | | | | |
| Tier 1A (#25 Bulletins & #75 30's) | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | | | |
| Tier 1B (#25 Bulletins & #50 30's) | #75/50 | #75/50 | #75/50 | #75/50 | #75/50 | #75/50 | #75/50 | #75/50 | #75/50 | | | |
| Tier 2A (#25 Bulletins & #75 30's) | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | #100/75 | | | |
| Tier 3 (#25 Bulletins & #25 30-sheets) | #50 | #50 | #50 | #50 | #50 | #50 | #50 | #50 | #50 | | | |

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NOTES:

OOP - BULLETINS IN LEAD MARKETS ONLY. FINAL ROM ANALYSIS BY PM FOR SUB-MARKET SELECTION.

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## Next Steps

Confirm media budget for 1998

- Media budget may need to be set at $28.0MM
    - Combat expected OOH inflation
    - May want to re-invest OOH in select Tier IIB markets

Determine production budget

- Look into units by market
- Determine posting strategy - special consideration for winter versus summer months

Evaluate magazines for 1998

- Recommendation by early September

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